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WEEKLY INDOCHINA REPORT

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C O N T E N T S

SUMMARY Page 3

INDOCHINA Page 6

Political

GENEVA CONFERENCE Page 16

**Supervision and Guarantees of a Truce
A Settlement for Vietnam**

DEVELOPMENTS IN FRANCE Page 21

* * *

14 July 54

WEEKLY INDOCHINA REPORT

Page 2

SUMMARY

Indochina

Political: The Ngo Dinh Diem government's outspoken opposition to any partitioning remains its principal asset in the struggle to prevent the complete disintegration of the state of Vietnam. Diem has offered little, however, in the way of an internal reform program.

The Vietnamese, despite assurances from the French command that Hanoi will be defended, are skeptical and are striving to create a defense force to hold the city, and the Vietnamese delegation at Geneva appears to be ready to walk out to prevent a capitulatory peace or to disavow any French surrender of Tonkin.

The American embassy in Saigon conjectures that the French are holding Bao Dai in reserve to sign a peace agreement if Diem and other Vietnamese nationalists refuse.

But Bao Dai's position seems far from secure. A French Foreign Ministry official has said his regime has failed and a government representative of south Vietnam would be necessary after a cease-fire.

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Meanwhile, anti-French feeling among Vietnamese remains at a high pitch:

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Cambodia: The Royal Army troops which trembled at the appearance of two Viet Minh battalions in April are said more recently to have sought out, beaten, and pursued the enemy. The new spirit is credited to Commander in Chief Tioulong.

Laos: The American chargé believes if all French forces are withdrawn, under an armistice, the Laotian army will fall apart and policing of the border will be impossible.

Geneva Conference

The Communists at Geneva are expected to offer Mendes-France an Indochina settlement, in advance of his 20 July deadline, which the French premier will find it difficult to reject.

14 July 54

WEEKLY INDOCHINA REPORT

Page 4

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The Communist package is likely to include a cease-fire, a partitioning of Vietnam and Laos, and an outline for a political agreement. Ambiguities in the proposals would tend to make French acceptance easier, and further negotiations would be required.

Communist proposals are expected to shape up as follows:

- (1) Partition of Vietnam at some point between the 14th and 18th parallels, with general elections to follow.
- (2) Communist control of some part of Laos, with the remainder of Laos neutralized and with an agreement on the first steps toward a coalition government.
- (3) Neutralization of Cambodia, with some form of recognition accorded the "resistance movement" there.

Developments in France

French hopes for a cease-fire have increased considerably, but Mendes-France still maintains he will accept no form of capitulation.

If no cease-fire is obtained by 20 July, the premier told the National Assembly, he will seek permission to send conscripts to Indochina. Ambassador Dillon believes permission will be granted only if the expeditionary force is imperiled. Even then, it would be very difficult for any French government to guarantee an all-out military effort to "win" the war.

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14 July 54

WEEKLY INDOCHINA REPORT

Page 5

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INDOCHINA

Political

Vietnam: The Ngo Dinh Diem government's ability to attract appreciable support among non-Communist Vietnamese is still much in doubt, but Diem does not appear to be losing ground and may well be gaining.

The new government's strong and outspoken opposition to the partitioning of Vietnam remains its principal asset in the struggle to prevent the complete disintegration of the state of Vietnam. On his visit to Hué, Diem received a tumultuous ovation and in Hanoi the press enthusiastically welcomed his creation of a military defense committee to replace the regional government.

The presence in Diem's cabinet of at least six persons who had previously spurned cabinet offers indicates that a government whose nationalist bona fides is not questioned is capable, even in the face of overwhelming Viet Minh momentum, of persuading fence-sitters to commit themselves on the anti-Communist side

Diem has offered little in the way of an internal reform program beyond promises of social justice and an elected national assembly. His references to a "complete change" and "peaceful revolution," coupled with his known antipathy for Bao Dai, may both explain and abet a tendency among Vietnamese leaders to repudiate the chief of state.

The strongest sentiment yet heard along these lines was the statement of a Cao Dai spokesman that his organization favors the creation of a Vietnamese republic, but would take up arms against the government if Bao Dai returned to Vietnam.

The Diem government has formulated terms for an armistice which call for the regrouping of forces into Communist and non-Communist zones in each of the three major regions of the country, reflecting the overriding concern of the Vietnamese to retain some foothold in

the north. The formulation of these terms shows a willingness to accomodate to the fait accompli presented by the French withdrawal from southern Tonkin, while manifesting at the same time Vietnam's determination to prevent the division of the country into a Communist north and a non-Communist south.

Vietnamese officials have stated on numerous occasions that "to lose Hanoi is to lose the war," and they are desperately striving to patch together a defense force to hold the city, despite the virtual certainty that the French will not attempt to hold it, despite assurances from the French command to the contrary. Plans are at least in the discussion stage for the creation of a resistance movement.

In talks with American officials in Geneva and Saigon, Vietnamese officials have laid the utmost stress on the creation of an autonomous Vietnamese army equipped directly by the United States so as to be in a position to disregard any French attempt to pull out all non-Communist troops from Tonkin.

In line with this concept, the Vietnamese delegation at Geneva appears to be getting ready to walk out of the conference in order to prevent a capitulatory peace or to disavow any French surrender of Tonkin.

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The American embassy in Saigon conjectures that the French may count on persuading Bao Dai to sign a peace agreement which Diem and other Vietnamese nationalists would find unacceptable.

Anti-French feeling among the Vietnamese remains at a high pitch.

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Although the conference has ostensibly concerned itself only with matters relating to prisoners of war, the Vietnamese are fearful that a truce based on partition is in the making, and the American embassy states that it is reasonable to assume that much more important subjects than a prisoner exchange have been discussed.

A similar brush-off of Vietnamese representatives at Geneva in the military talks there, and the agreement between the French and the Viet Minh that the armistice shall include certain "political" matters, are certain to accentuate ill-feeling.

Symptomatic of this sentiment are the prevalent reports concerning French atrocities toward Vietnamese civilians, the fear expressed by the French delegate at Hué that the population there might turn against the French, and the threat voiced by Bishop Le Huu Tu, dean of the Roman Catholic hierarchy in Indochina, to organize anti-French manifestations in Hanoi and Haiphong.

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Ambassador Dillon was told on 12 July by a Foreign Ministry official that the Bao Dai regime had failed and that after a cease-fire, a government representative of south Vietnam would be necessary. The official noted that Ngo Dinh Diem is from the north, but said it was essential for him to stay in power prior to a cease-fire to assure the loyalty of Vietnamese troops under French command.

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Viet Minh: Peiping announced that on 7 July a "protocol" on Sino-Viet Minh trade for 1954 was signed in that city involving considerably larger amounts than in 1953. Peiping agreed to supply cotton and yarn,

machinery, transport and telecommunications equipment, medicines, surgical apparatus, and paper in exchange for Viet Minh nonferrous metals, coffee, pepper, cattle, hides and leather.

This is the first public announcement of a trade agreement, [REDACTED]

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[REDACTED] The volume of trade will probably be small.

Cambodia: The American embassy in Phnom Penh reports that the combat spirit of the Cambodian Royal Army over the past several months has shown remarkable improvement. The same troops which trembled at the appearance of two Viet Minh battalions in April have more recently sought out, beaten, and pursued the enemy. This new spirit has resulted largely from the contagious confidence of Commander in Chief Tioulong. It is also a reflection of anti-Vietnamese feeling among the Cambodians which was stimulated by the disclosure at Geneva of Communist aims to maintain a foothold in Cambodia.

Laos: With respect to the application of a Geneva armistice in Laos, the American chargé states that if Xiang Khouang and Seno, the airfield near Savannakhet, are stipulated as regrouping areas for French forces, then French Union troops might as well be evacuated completely, since policing of the border by the Laotian army would be impossible. If all French forces and foreign military personnel are withdrawn, the Laotian army will fall apart, he said.

Militarily, the only future course for Laos, in his opinion, would seem to lie in joining a regional defense arrangement and in forming a well-trained and equipped force of approximately 40,000 men, including advisers.

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GENEVA CONFERENCE

The Communists at Geneva are expected to offer Mendes-France an Indochina settlement, in advance of his 20 July deadline, which the French premier will find it difficult to reject.

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The French delegation is conducting a variety of private talks with the Soviet, Chinese Communist and Viet Minh delegations at Geneva. The Laotians and Cambodians have been meeting with Viet Minh representatives for military staff talks, and Vietnamese officials are reported to have scheduled meetings with all three Communist delegations.

The Communist package emerging from these talks is expected to include a cease-fire, a partitioning of Vietnam and Laos, and an outline for a political settlement. It will probably contain ambiguities which will make French acceptance easier, and will certainly require further negotiations with the French, Laotians and Cambodians.

Communist proposals are expected to shape up as follows:

- (1) Partition of Vietnam at some point between the 14th and 18th parallels, with general elections to follow.
- (2) Communist control of some part of Laos, with the remainder of Laos neutralized, and an agreement on the first steps looking toward a coalition government.
- (3) Neutralization of Cambodia, with some form of recognition accorded the Communist "resistance movement" there.

The Communists' final proposal on the partition line in Vietnam may depend on the kind of settlement they believe feasible for Laos. They might well propose a partition of both Vietnam and Laos along the Dong Hoi-Thakhek line, midway between the 17th and 18th parallels,

which is the reported French defense line for the two states. Alternatively, they could accept the Dong Hoi line for Vietnam along with control of an area in southern Vietnam and a strip of Laos.

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Supervision and Guarantees of a Truce

The nine-party discussions on supervision and guarantees of a truce have continued to move very slowly.

The Communists still insist that the "main responsibility" for implementing a truce rests with mixed committees of the belligerents, that these committees work parallel with an international commission rather than subordinate to it, and that both bodies be responsible to a "guarantor" body in which the Communists would have veto power.

The French have drafted a compromise proposal which seems to move a long way toward the Communist position. Although obscure in several respects, the French plan apparently gives a greatly enhanced role to the mixed committees, retreats from the Western concept that these committees must be subordinate to the international commission, and accepts the Communist demand for unanimous decisions on major questions.

A Settlement for Vietnam

As of 8 July the Communists were still pressing for a partition of Vietnam at approximately the 14th parallel, while the French were insisting that the line be drawn at a point north of Dong Hoi, midway between the 17th and 18th parallels.

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DEVELOPMENTS IN FRANCE

French hopes that Mendes-France will obtain a cease-fire have increased considerably in the last week. The premier has continued to maintain that he will not accept any form of capitulation and in a radio address to the nation on 10 July based his own hopes for an honorable settlement on France's "indisputable will for peace," and the support received from Great Britain and the United States in the Churchill-Eisenhower joint communiqué.

Mendes-France announced to the National Assembly on 7 July that if he fails to obtain a cease-fire by 20 July he will ask for permission to send conscripts to Indochina. Besides trying to strengthen his hand in the negotiations at Geneva, he was probably hoping to induce his Gaullist and other rightist supporters to accept drastic terms for a cease-fire by presenting a politically unpalatable alternative. Ambassador Dillon believes that only if the expeditionary force is imperiled after 20 July will the assembly grant permission for such a step.

At the same time, however, Dillon feels it is possible that if Mendes-France falls and French forces are imperiled by an all-out Viet Minh attack, the next government may press for the fulfillment of Secretary Dulles' terms for American intervention. Set forth on 11 June, these included: complete independence for Laos, Cambodia, and Vietnam; a request by these countries for American intervention; evidence of United Nations concern for the situation; and guarantees that France will prosecute the war until it is won.

Though there is already considerable political support for assuring the safety of the expeditionary force, it would nevertheless be very difficult for any French government to guarantee an all-out military effort to "win" the war.

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